

NORTH CAROLINA  
WAKE COUNTY

IN THE OFFICE OF  
ADMINISTRATIVE HEARINGS  
14 DHR 01199

HOME STUDY SERVICES OF NORTH )  
CAROLINA, INC. (ANNE LIDDICOTE, )  
DIRECTOR) )

Petitioner, )

v. )

NORTH CAROLINA DEPARTMENT OF )  
HEALTH AND HUMAN SERVICES, )

Respondent. )

**SETTLEMENT  
AGREEMENT**

THIS SETTLEMENT AGREEMENT (hereinafter referred to as the "Agreement") is entered into by and between Home Study Services of North Carolina, Inc. (HSSNC), and the North Carolina Department of Health and Human Services (DHHS). The foregoing persons and/or entities may also be collectively referred to herein as the "Parties."

**I. DEFINITIONS**

A. "PETITIONER" shall mean Home Study Services of North Carolina and its current or former owners, predecessors, parents, divisions, affiliates, subsidiaries, agents, employees, directors and/or officers, including Anne Liddicote, insurers, attorneys, and each of their respective heirs, executors, administrators, personal representatives, attorneys, affiliates, successors, and assigns

B. "RESPONDENT" shall mean the North Carolina Department of Health and Human Services and its current or former owners, predecessors, parents, divisions, affiliates, subsidiaries, agents, employees, directors and/or officers, insurers, attorneys, and each of their respective heirs, executors, administrators, personal representatives, attorneys, affiliates, successors, and assigns

**II. RECITALS**

A. On December 19, 2013, Respondent issued a Notice of Administrative Action revoking Petitioner's license to operate as a Child Placing Agency for Adoption (hereinafter referred to as "License") for alleged rule violations. That Notice of Administrative Action cited two general bases for the action, including uncorrected rule violations identified during the re-licensure of the agency and included in a Plan of Correction dated December 19, 2012, and additional rule violations following investigation of a Complaint received by the North Carolina Division of Social Services in May 2013.

B. Petitioner filed a Petition for a Contested Case Hearing on February 18, 2014, contending that revocation of its License was improper.

C. After a mediation conference held on May 15, 2014, the Parties reached an agreement to obviate the need for a hearing. Satisfactory performance of the conditions herein by HSSNC, and re-licensure of HSSNC by Respondent in December of 2014, will permanently resolve any and all claims and disputes between Petitioner and Respondent related to the December 19, 2013, Notice of Administrative Action. Should Petitioner not be re-licensed at any time, the terms of this Agreement will in no way affect Petitioner's ability to contest any denial, suspension, or revocation of its License and Petitioner does not expressly waive any of its rights.

### III. CONSIDERATION AND RELEASE

As consideration for the terms of the Agreement set forth herein, including the specific terms agreed upon by the Parties in the sections below, and in order to avoid the time and costs associated with full litigation of this matter at this time, Respondent agrees that upon execution of this Agreement by both Parties, it will suspend, in writing, its Notice of Administrative Action dated December 19, 2013, and that in consideration, the Petitioner agrees that it will then cause to be filed in the Office of Administrative Hearings a voluntary dismissal, without prejudice, of its Petition for a Contested Case Hearing filed by Petitioner against Respondent in Wake County, File No. 14 DHR 01199 and provide counsel for Respondent with a file-stamped copy of same. Furthermore, Respondent recognizes that Petitioner accepts no liability and maintains its position that revocation of its License was improper.

### IV. PROGRAM CONSULTANT

The Parties agree that the following terms shall be instituted as part of this Settlement Agreement:

- A. Petitioner shall hire at its own expense an independent auditor (hereinafter referred to as "Program Consultant").
- B. The Program Consultant shall be an individual chosen by Petitioner and agreed upon by Respondent.
- C. The Program Consultant shall review and audit all of the preplacement assessments completed by the Petitioner for the calendar year 2013, except for the five files, which have already been reviewed by staff of the Respondent and included as part of the Notice of Administrative Action dated December 19, 2013. The assessments themselves, records of post-placement visits, any updates to the assessments, and the underlying documentation will all be reviewed and audited to ensure compliance with all applicable licensing rules, regulations, and statutes for a Child Placing Agency for Adoption. In addition, the Program Consultant shall review and audit all preplacement assessments and other documentation as set forth above for the calendar year 2014 up to the date for the Petitioner's

re-licensure in December, with a minimum of at least 20 preplacement assessments reviewed for the two calendar years.

- D. The Program Consultant shall have the authority to independently verify any information in the reviewed preplacement assessments or to gather additional information, as deemed necessary by the Program Consultant to ensure compliance with Respondent's licensure rules for a Child Placing Agency for Adoption.
- E. The Program Consultant shall provide periodic reports to the Respondent regarding Petitioner's compliance with applicable licensing rules, regulations, and statutes for a Child Placing Agency for Adoption. The Program Consultant's initial report shall be due on September 15, 2014, and the second report shall be due on November 15, 2014.
- F. During the Program Consultant's above-referenced review period, the Program Consultant shall immediately notify Respondent of any Category I, or "red" rule violations of the licensing rules for a Child Placing Agency for Adoption. The Petitioner shall be given the opportunity to correct any identified rule violation. All Category I rule violations, if any, that have an impact on the Petitioner's future work product, will be corrected immediately. The Respondent agrees that any rule violation found between the date of this Agreement and December 2014, shall not result in the institution of any adverse action against Petitioner, except for any necessary summary suspension due to a health and safety violation or the investigation of any Complaint against Petitioner received by the Respondent where Respondent substantiates a health and safety violation.
- G. The Program Consultant shall attend fifty percent (50%) of Petitioner's adoption committee meetings held to determine whether an applicant will be approved for child placement and shall also make, at a minimum, a monthly on-site visit to the Petitioner's offices to review files there.

V. BOARD OF DIRECTORS

Petitioner agrees to provide Respondent with a written description of the composition of its Board of Directors.

VI. RE-LICENSURE

Respondent agrees that in all of its future re-licensure assessments of Petitioner's agency and its Director, Anne Liddicote, it shall not consider any of the matters referenced in the December 19, 2013, Notice of Revocation, including but not limited to any alleged actions and/or inactions related to Petitioner's involvement with, assessment of, and/or documentation regarding the "Smith" family (pseudonym) referred to in Respondent's December 19, 2013, Notice of Administrative Action. All future re-licensure assessments of Petitioner will be based solely upon Petitioner's future conduct, and its other documentation and work product reviewed

by the Program Consultant or Respondent. If and when Petitioner is re-licensed in December of 2014, Respondent agrees that it will permanently rescind, in writing, the adverse licensing action. If Respondent denies Petitioner's application for re-licensure in December 2014, based on rule violations identified after the execution of this Agreement, the Respondent's Notice of Administrative Action denying re-licensure may include the allegations regarding the "Smith" family and preplacement assessments included in the December 19, 2013, Notice of Administrative Action. Respondent acknowledges that should Petitioner's License be denied, Petitioner's rights, claims, or defenses, shall not be waived, forfeited, or altered in any way by the fact of this Agreement or any of its terms.

VII. NO ADMISSION OF LIABILITY

Respondent and Petitioner acknowledge that the Parties' Agreement herein shall not be construed as an admission of liability by either party and/or any rule or statutory violation, by whom all liability and any and all alleged fault statutory and/or rule violations are denied by all parties.

VIII. ADVICE OF OWN LEGAL COUNSEL

The parties hereby declare and represent that they are effecting this settlement and executing this Agreement after having received from their own legal counsel full legal advice as to their rights.

IX. ATTORNEY FEES

The parties shall bear their own costs and attorney's fees incurred in prosecuting and/or defending this action.

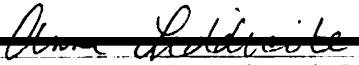
X. ENTIRE AGREEMENT

This Settlement Agreement constitutes the entire agreement among the Parties and no other promises or covenants exist other than those herein set forth and none survive the execution of this Agreement.

XI. GOVERNING LAW

The laws of the State of North Carolina shall govern the validity, construction, interpretation and administration of this Agreement.

IN WITNESS WHEREOF, the undersigned has set its hand and seal all as of the  
12 day of June, 2014.

  
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Home Study Services of North Carolina, Inc.  
Anne Liddicote, Director

(SEAL)

STATE OF NORTH CAROLINA  
Wake COUNTY

Personally appeared before me this 12<sup>th</sup> day of June, 2014, Anne Liddicote, on behalf of Home Study Services of North Carolina, Inc., who, being first duly sworn, acknowledged the execution of the foregoing Agreement for the purposes and considerations therein expressed.

My Commission expires:

5/9/2016



Dorothy B. Averette  
Notary Public

12<sup>th</sup> IN WITNESS WHEREOF, the undersigned has set its hand and seal all as of the day of June, 2014.

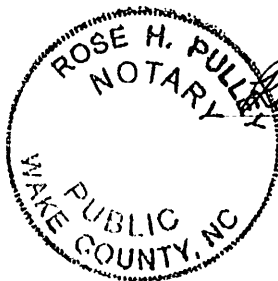
Kevin Kelley (SEAL)  
North Carolina Department of Health and Human Services  
[Name/Title]

STATE OF NORTH CAROLINA  
Wake COUNTY

Personally appeared before me this 12 day of June, 2014, Kevin Kelley, on behalf of the North Carolina Department of Health and Human Services, who, being first duly sworn, acknowledged the execution of the foregoing Agreement for the purposes and considerations therein expressed.

My Commission expires:

02-06-2017



Rose H. Puller  
Notary Public